

SNAP EBT eCommerce Platform Providers **Information for Retailers**

Note: All SNAP-authorized retailers performing SNAP EBT eCommerce transaction must pay for their own computer equipment and website services and should arrange as necessary for SNAP EBT eCommerce services from a reliable eCommerce provider.

SNAP-authorized retailers need to conduct their own research and due diligence when selecting an eCommerce provider and should review the costs and services being provided to make the best choice for their business. This document provides some recommendations to retailers on what issues to consider when selecting an eCommerce service provider that can support online SNAP EBT transactions.

What to Consider When Selecting a SNAP eCommerce Provider

1. Compare Deals from Several Companies

- We recommend talking to at least three service providers.
- Compare services, contract requirements, pricing, and reputation.
- Then select the company that represents the best deal for your business.

2. Services

- If you already have an eCommerce provider, ask your current provider if they offer EBT (SNAP Online) as a payment option or if they can add EBT. Your current eCommerce provider may be the best deal for you,
 - If your eCommerce provider would newly be adding EBT, it is important that they understand the requirements for online EBT transaction processing.
 - If the eCommerce provider does not currently support EBT online the USDA's Food & Nutrition Service (FNS), which administers SNAP, will require additional documentation and testing before allowing EBT to be accepted as a payment option for online transactions.
- Decide on EBT payment options you will provide to your customers shopping online: will you accept both SNAP and EBT Cash in addition to credit cards?
- What services do you want from the eCommerce provider? Do you only need eCommerce payment processing? Or are you looking for the eCommerce provider to also host the online storefront, meaning they provide the full website, including design and product photos. Make sure you have a clear understanding what services you require and what services the eCommerce provider offers.
- Ask the eCommerce provider the average length of time from contract signing until online transactions can be performed. Implementing an online shopping store can be a lengthy endeavor, especially if the eCommerce service provider is also supporting the online storefront and/or adding the EBT payment option for the first time.

3. Contract Requirements and Services

- Ask about:
 - Length of contract – what is the minimum and maximum available – how does that affect pricing?
 - Does it renew automatically?
 - Are there penalties for early termination? If so, how much?
 - How much advance notice is required for no-penalty termination?
 - Who is responsible for what aspects of the online storefront. Does the eCommerce provider only support payment processing, or does the eCommerce provider include an online storefront that ties into the retailer's inventory system?
 - How are service fees paid?
 - Direct debit from retailer's bank account? Daily or monthly?
 - Billed and paid by check or ACH transfer?
 - What, if any, insurance is required?
 - Are any of the following important to you? If so ask.

- Is there 24 X 7 customer assistance by the eCommerce provider for the retailer to resolve online transaction problems?
- Scheduled downtime by the eCommerce service provider? When is downtime for regular maintenance scheduled and what is the average downtime?

4. Costs

- Find out about all costs – some companies charge extra for certain services
- Find out about upfront and one-time implementation fees.
- Testing efforts for an online store can be extensive. Find out if there are costs for onboarding and if so, whether they include the cost for testing; ask whether they are fixed charges or variable charges depending on the hours of support provided.
- Transaction fees – most companies charge a fee for every transaction
 - Credit and debit card fees are the most expensive because the card issuers charge interchange fees to the retailer.
 - Processors, by law, cannot charge interchange fees on EBT cards. Processors can only assess transaction fees for SNAP EBT transactions. Consequently, EBT transactions should be lower in cost
 - Many companies offer tiered pricing – the more transactions you do, the lower the cost, for example, 15 cents for first 100 transactions, 13 cents for next 400, 10 cents for anything over 500
 - Some companies may not charge EBT transaction fees, but instead have a higher fixed monthly rate to the retailer.
- Monthly fees – the items below may be combined into a single monthly fee or may be charged separately. Make sure you identify the cost of each.
 - Website support (if company is providing an online storefront).
 - Direct deposit fees
 - Monthly statement
 - Customer service and technical support
 - Online access to detailed transaction data. Transaction data should include at a minimum: Transaction date, time, amount, payment method(s), truncated card numbers, transaction ID.
- Other ongoing fees - processors are not required to pass these costs on to merchants but some do; ask if these are charged:
 - PCI compliance fee – applies only to credit/debit and should not be charged for EBT-only transactions
 - IRS reporting
 - Other “hidden” fees
- Compare pricing and services from different companies

5. Company Performance and Reputation

- This is often difficult to judge and requires some research on your part
- Here are a number of websites that can be used – click on the link and enter the company’s name in the search box

Online reviews and ratings of terminal providers taking into account sales and marketing tactics, contract terms, customer service, complaints, privacy of online

information and other factors

<http://www.merchantmaverick.com/>
<http://www.cardpaymentoptions.com/>

Consumer complaint sites (many such sites exist and can be found by online search – the following include complaints about eCommerce service providers)

<http://www.complaintsboard.com/>
<http://www.ripoffreport.com/>
<http://www.bbb.org/BBB-Locator/>

6. Other Important Information

- Until you decide which company you want to contract with for EBT services, do not provide any of the following information:
 - Your tax identification number (Employer Identification Number or Social Security Number)
 - Your bank account number, including scans or photocopies of one of your checks
 - Your FNS authorization number

The above items will be required for the final contract, but you should only give them to a valid company representative who you recognize and have decided to do business with. Never provide them to unsolicited callers.